

DEPARTMENT OF TAXATION

2006 Fiscal Impact Statement

1. **Patron** Terrie L. Suit

2. **Bill Number** HB 92

House of Origin:

 Introduced

 Substitute

 Engrossed

3. **Committee** Senate Finance

4. **Title** Housing Partnership Trust Fund:
Name change, Deposit of Recordation
Tax Revenues into Fund

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would change the name of the Virginia Housing Partnership Trust Fund to the Virginia Housing Trust Fund and would provide that the Fund include, unless otherwise provided in the general appropriation act, 50% of the annual collections from recordation taxes that are in excess of the official estimates for recordation taxes in the general appropriation act. The bill also would provide that a portion of the fund be used to provide matching funds to localities that have both established a local housing fund and appropriated local moneys to the fund. Under the bill, the Department of Housing and Community Development would be required to establish criteria for the allocation of the matching funds to eligible localities and to annually report on the allocation of matching funds. In addition, the bill would authorize grants to be made from the Fund to support innovative housing projects and low- and moderate-income housing projects that are located in areas experiencing extreme shortages of such housing.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** Yes.
ITEM 103, Housing Assistance Services

8. **Fiscal implications:**

The amount of the potential transfer to this fund is unknown due to data limitations. It is not possible to estimate the extent to which recordation tax collections will deviate from the official forecast. There are several statutory provisions that are triggered by significant or unanticipated growth in actual revenue collections. Among them are the contributions to the Revenue Stabilization Fund mandated by Va. Code § 2.1-1829 and to the Water Quality Improvement Fund mandated by Va. Code § 10.1-2128. The table below illustrates the estimated amount of recordation tax revenues that would have been deposited in the Virginia Housing Trust Fund in past fiscal years had this bill been in effect.

Fiscal Year	Estimated Deposit to Fund (In millions)
05	\$44.2
04	\$24.6
03	\$20.2
02	\$7.9
01	\$14.6
00	\$3.9
99	\$2.3
98	\$6.6
97	\$2.8
96	\$3.3
95	\$0.0

9. Specific agency or political subdivisions affected:

Department of Housing and Community Development
Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

Given the shortage of affordable housing in many localities, Virginia encourages development of affordable housing by offering deferral programs and tax credits for rehabilitation. To encourage municipalities to provide more affordable housing, the Code permits them to amend zoning ordinances for affordable housing unit programs. Additionally, Virginia sets aside a permanent fund called the "Virginia Housing Partnership Revolving Fund" which addresses the shortage of affordable housing in the state and funds housing developments and housing projects. The Fund is administered by the Virginia Housing Development Authority.

Proposal

This bill would change the name of the Virginia Housing Partnership Trust Fund to the Virginia Housing Trust Fund. The Virginia Housing Trust Fund would provide grants and other funding to "incentivize" affordable homeownership and rental housing in every area of the Commonwealth. The Fund would promote mixed income communities and workforce housing.

This bill would provide that the Fund include, unless otherwise provided in the general appropriation act, 50% of the annual collections from recordation taxes that are in excess of the official estimates for recordation taxes in the general appropriation act.

cc : Secretary of Finance

Date: 02/21/2006 CHC
HB92FEH1161.DOC